

March 31, 2004

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APR 04 2005

DIV. OF OIL, GAS & MINING

Mr. Daron Haddock
Permit Supervisor
Minerals Regulatory Program
Division of Oil, Gas & Mining
Department of Natural Resources
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Haddock:

As per your letter dated January 26, 2005 pertaining to the "Five-Year Review of Reclamation Surety Estimate, Diamond K Gypsum, DKG Gypsum Quarry, M/015/041, Emery County, Utah," Diamond K Gypsum herein submits its revised five-year mining plan, disturbed acreage and reclamation release schedule, disturbed acreage status report, and a projected production schedule.

The Diamond K Gypsum quarry site map and five year mining plan were updated and included herein. The DKG Quarry was surveyed locating active mining areas and disturbances, reclaimed areas, released -reclaimed areas, and the five year forecasted mining sites. Referring to the enclosed map, titled "Diamond K Gypsum Five Year Mining Plan and Reclamation Plan," the map includes roads, drainage structures, topsoil storage sites, and ore storage areas. However, the DKG quarry has no utilities, power lines, overburden/waste dumps, tailings or processed waste facilities, solid and liquid wastes, and wastewater discharge treatment and containment facilities.

The reclaimed and disturbed areas, presented in "Table 1. Diamond K Gypsum Disturbed Acreage Status (04/2005)," delineate the quarry's current land and reclamation status. The site locations: Road, A, B1, through D4 are shown on the quarry map. Site A was reclaimed and released from bonding April 2000. Sites B1 and B2 were reclaimed July 1998 and Diamond K Gypsum respectfully requests that these sites be released from bonding. The B sites were seeded as per the Division of Oil, Gas & Mining guidelines and have been subsequently monitored for the last five years. Sites C1 and C2 were reclaimed and seeded October 2000 and November 2004 respectively. Furthermore, B1, B2, and C1 were re-seeded again in November 2004. The release of site C1 is also requested. The C3, Topsoil, Loading, and Stockpiles areas are the active mining locales. Sites C3, C4, D1, D2, D3, and D4 will be mined over the next five years. Table 2 presents the anticipated production schedule.



Table 1. Diamond K Gypsum Disturbed Acreage Status (04/2005)

Location	Acreage	Status
Road	1.36	Active
A	8.06	Reclaimed and Released 04/2000
B1	(2.09)	Reclaimed 07/1998 and Pending Release
B2	(1.87)	Reclaimed 07/1998 and Pending Release
C1	2.73	Reclaimed 10/2000
C2	9.72	Reclaimed 11/2004
C3	2.93	Active Mining Area 2004-2005
Topsoil	0.50	Active Mining Area 2004-2005
Loading	0.92	Active Mining Area 2004-2005
Stockpile	0.16	Active Mining Area 2004-2005
C4	1.49	Mining Area 2005 -2006
D1	1.41	Mining Area 2006-2007
D2	1.41	Mining Area 2007-2008
D3	1.40	Mining Area 2008-2009
D4	1.40	Mining Area 2009-2010

Table 2. Diamond K Gypsum Production Schedule

	Annual Production (tons)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Quarrying Site	07/2005 to 07/2006	07/2006 to 07/2007	07/2007 to 07/2008	07/2008 to 07/2009	07/2009 to 07/2010
C3 & C4	38,943				
D1		39,923			
D2			42,994		
D3				46,065	
D4					49,136
Total Tons	38,943	39,923	42,994	46,065	49,136

The "Diamond K Gypsum Disturbed Acreage, Reclamation, and Release Schedule" is shown in Table 3. The expected release dates for Sites C1 and C2 are October 2005 and November 2009 respectively. Mining activities on Site C3 will be completed this year and Site C4 will be developed and quarrying operations commenced thereon. The forecasted release date for sites C3, Topsoil, Loading, and Stockpile is July 2010. Areas C4, D1, D2, D3, and D4 are scheduled for release October 2011, October 2012, October 2013, October 2014, and October 2015 respectively.

Table 3. DKG Disturbed Acreage, Reclamation, and Release Schedule

Site Location	Reclaim-ation Date	Release Date	Disturbed Areas (acres)							
			Year 1		Year 2		Year 3		Year 4	
			04/2005 to 06/2005	07/2005 to 09/2005	10/2005 to 06/2006	07/2006 to 06/2007	07/2007 to 06/2008	07/2008 to 06/2009	07/2009 to 10/2009	11/2009 to 06/2010
Road			1.36	1.36	1.36	1.91	1.91	1.91	1.91	1.91
B1	07/1998	Pending *	(2.09)*							
B2	07/1998	Pending *	(1.87)*							
C1	10/2000	10/2005	2.73	2.73						
C2	11/2004	11/2009	9.72	9.72	9.72	9.72	9.72	9.72	9.72	
C3	10/2005	10/2010	2.93	2.93	2.93	2.93	2.93	2.93	2.93	2.93
Topsoil	10/2005	10/2010	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Loading	10/2005	10/2010	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
Stockpile	10/2005	10/2010	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
C4	10/2006	10/2011		1.49	1.49	1.49	1.49	1.49	1.49	1.49
D1	10/2007	10/2012				1.41	1.41	1.41	1.41	1.41
D2	10/2008	10/2013					1.41	1.41	1.41	1.41
D3	10/2009	10/2014						1.40	1.40	1.40
D4	10/2010	10/2015							1.40	1.40
Tot. Acres			18.32	19.80	17.07	19.04	20.44	21.85	23.25	13.53

* Note, since B1 and B2 could have been release as of 07/2003, they are not included within the acreage total.

As per Table 3, the effective dates, operational year, and acreage levels are summarized as follows:

Effective Dates		Operations Year	Total Acreage
Start	End		
04/2005	06/2005	Current	18.32
07/2005	09/2005	Year 1	19.80
10/2005	06/2006	Year 1	17.07
07/2006	06/2007	Year 2	19.04
07/2007	06/2008	Year 3	20.44
07/2008	06/2009	Year 4	21.85
07/2009	10/2009	Year 5	23.25
11/2009	06/2010	Year 5	13.53

Please be advised that the enclosed maps are preliminary drafts. Our surveyor Mr. Rex Friant is finalizing the map; consequently the acreage areas may change. However, none of the changes should be significant. If you have any questions or concerns, please contact us at your convenience. Thank you.

Sincerely yours,

Karen Palmer

Karen Palmer, Pres.
Diamond K Gypsum

Enclosures:

1. Diamond K Gypsum Five Year Mining Plan and Reclamation Plan

Diamond K Gypsum Five Year Mining Plan

And Reclamation Plan

Mine Number: M/015/041
Mine Name: DKG Quarry
Township 22 S Range 9 E Sec. 29 SLBM
Copper Globe Quadrangle
Date: March 28, 2005

Scale:

0 feet 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 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